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C O N F I D E N T I A L AIT TAIPEI 002743

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E.O. 12958: DECL: 08/11/2031
TAGS: PGOV TW
SUBJECT: RENEWED CHALLENGE TO PRESIDENT CHEN

CLASSIFIED BY: AIT ACTING DEPUTY DIRECTOR CHARLES BENNETT,
REASONS: 1.4 (B/D)

¶11. (C) SUMMARY: CORRUPTION SCANDALS SURROUNDING PRESIDENT CHEN CONTINUE TO DRIVE TAIWAN'S POLITICAL DYNAMICS, WITH NO END IN SIGHT. MOST LEADERS IN PRESIDENT CHEN'S OWN PARTY (THE DEMOCRATIC PROGRESSIVE PARTY OR DPP) AND HIS DEEP GREEN SUPPORTERS ARE STANDING BY HIM TO PROTECT THEIR OWN INTERESTS, BUT DIVISIONS ARE BEGINNING TO DEEPEN IN THE BROADER PAN-GREEN CAMP. FORMER DPP CHAIRMAN SHIH MING-TE HAS WRITTEN URGING CHEN TO STEP DOWN AND IS ALSO SEEKING PUBLIC SUPPORT FOR A STREET PROTEST MOVEMENT TO TOPPLE THE PRESIDENT. WHILE AIT'S GREEN CONTACTS EXPECT CHEN TO STAY IN OFFICE, HE COULD BE IN TROUBLE IF SHIH'S CAMPAIGN GAINS TRACTION OR IF CORRUPTION SCANDALS IMPLICATE HIM DIRECTLY.
END SUMMARY.

DIVISIONS IN THE PAN-GREEN CAMP

¶12. (C) DIVISIONS IN THE GREEN CAMP ARE BEGINNING TO DEEPEN. FORMER PRESIDENT LEE TENG-HUI, SPIRITUAL LEADER OF THE TAIWAN SOLIDARITY UNION (TSU) HAS TOLD PARTY MEMBERS THAT HE NO LONGER SUPPORTS PRESIDENT CHEN AND THAT THE TSU SHOULD "GO ITS OWN WAY," TSU LEGISLATOR LAI SHIN-YUAN TOLD AIT. ONE MONTH AGO, A GROUP OF PROMINENT GREEN SCHOLARS ISSUED A STATEMENT CALLING ON PRESIDENT CHEN TO RESIGN IN THE INTERESTS OF TAIWAN'S DEMOCRATIC DEVELOPMENT.

SHIH MING-TE

¶13. (C) FORMER DPP CHAIRMAN SHIH MING-TE, WHO LEFT THE PARTY IN 2000, CREATED A NEW STIR EARLIER THIS WEEK BY WRITING AN IMPASSIONED OPEN LETTER URGING CHEN TO STEP DOWN, ARGUING THAT CHEN'S REMAINING IN POWER WOULD HARM TAIWAN AND DRAG THE DPP DOWN TO A SERIES OF DISASTROUS DEFEATS THROUGH THE PRESIDENTIAL ELECTION IN 2008. DPP LEGISLATOR LEE WEN-CHUNG SUGGESTED TO AIT THAT SHIH'S LETTER IN ITSELF WOULD HAVE MARGINAL EFFECT, BECAUSE IT REPEATED THE EARLIER MESSAGE OF THE SIMILAR STATEMENT OF THE GREEN SCHOLARS.

¶14. (SBU) NOT STOPPING AT JUST WRITING A LETTER, HOWEVER, SHIH IS WORKING TO LAUNCH A SOCIAL PROTEST MOVEMENT TO CAUSE CHEN'S DOWNFALL. IN A PRESS CONFERENCE AT THE "FEBRUARY 28 PEACE PARK" IN DOWNTOWN TAIPEI ON AUGUST 12, SHIH WILL ANNOUNCE ARRANGEMENTS FOR THE PUBLIC TO JOIN HIS MOVEMENT BY DEPOSITING NTD 100 EACH (ABOUT USD 3) IN A SPECIAL ACCOUNT. SHIH'S GOAL IS TO SIGN UP ONE MILLION PEOPLE BY SEPTEMBER 9 OR EARLIER AND THEN LEAD A ROUND-THE-CLOCK STREET PROTEST UNTIL CHEN STEPS DOWN. IF HE GAINS THE NEEDED PUBLIC SUPPORT

FOR HIS MOVEMENT, SHIH VOWS THAT "IF YOU (CHEN) DO NOT FALL, THEN I (SHIH) WILL BE FINISHED."

¶15. (C) SOME DPP AND DEEP GREEN POLITICIANS HAVE HARSHLY CRITICIZED SHIH, QUESTIONING HIS MOTIVES AND HIS GREEN CREDENTIALS, AND IT IS NOT CLEAR AT THIS EARLY STAGE WHETHER HE WILL BE ABLE TO GENERATE THE MOMENTUM HE SEEKS AMONG GREEN SUPPORTERS. HOWEVER, MANY GREEN SUPPORTERS, INCLUDING IN THE GREEN STRONGHOLD AREAS OF SOUTHERN TAIWAN, ARE DEEPLY ANGRY AT PRESIDENT CHEN OVER THE CORRUPTION SCANDALS, ACCORDING TO TSU LEGISLATOR LAI SHIN-YUAN. IF SHIH CAN TAP THIS RESERVOIR

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OF GREEN ANGER, HIS MOVEMENT HAS GREATER POTENTIAL TO TOPPLE CHEN THAN THE FAILED RECALL EFFORT BY THE PAN-BLUE OPPOSITION OR THE STATEMENT ISSUED BY THE GREEN SCHOLARS. THE RECALL EFFORT BACKFIRED BECAUSE IT CAUSED GREEN SUPPORTERS TO RALLY AROUND CHEN IN THE FACE OF WHAT WAS PERCEIVED TO BE A VICIOUS POLITICAL ATTACK BY THE OPPOSITION. THE CALL ISSUED BY THE GREEN SCHOLARS FIZZLED AFTER SEVERAL DAYS BECAUSE THEY DID NOT LAUNCH A FOLLOW-ON PROTEST MOVEMENT. WHAT MAKES SHIH A GREATER THREAT TO CHEN IS THE POSSIBILITY THAT HE MAY BE ABLE TO DIVIDE THE GREEN CAMP AND TURN A SIGNIFICANT NUMBER OF PREVIOUS SUPPORTERS AGAINST THE PRESIDENT IN A FULL-FLEDGED PROTEST MOVEMENT.

THE LEE TENG-HUI AND LIN I-HSIUNG FACTOR

¶16. (C) SHIH MING-TE'S INITIATIVE AGAINST PRESIDENT CHEN HAS FOCUSED ATTENTION ON TWO OTHER MAJOR FIGURES IN THE GREEN CAMP: LEE TENG-HUI AND FORMER DPP CHAIRMAN LIN I-HSIUNG, WHO LEFT THE PARTY EARLIER THIS YEAR. PRESSURE ON CHEN WOULD INCREASE SIGNIFICANTLY IF LEE AND/OR ESPECIALLY LIN WERE TO

CALL FOR THE PRESIDENT'S RESIGNATION. WHILE LEE NO LONGER SUPPORTS CHEN, HE IS UNLIKELY TO ASK HIM TO STEP DOWN, IN PART BECAUSE CHEN HAS MADE CLEAR THAT HE HAS INFORMATION CONCERNING LEE'S HANDLING OF CONFIDENTIAL FUNDS THAT COULD EMBARRASS THE FORMER PRESIDENT, TSU LEGISLATOR DAVID HUANG EXPLAINED TO AIT. LEE HAS PUBLIC ACTIVITIES SCHEDULED THIS WEEKEND, INCLUDING A PRESS CONFERENCE, WHICH WILL PROVIDE OPPORTUNITIES FOR HIM TO MAKE CLEAR HIS VIEWS ABOUT PRESIDENT CHEN, SHOULD HE CHOOSE TO DO SO. LIN I-HSIUNG HAS PROVIDED PRIVATE ASSURANCES THAT HE WILL NOT CALL FOR CHEN TO STEP DOWN, ACCORDING TO DPP LEGISLATOR LEE WEN-CHUNG.

CHEN CONSOLIDATES DPP AND DEEP GREEN BASE

¶17. (C) CHEN RELIES ON DPP LEADERS AND THE DEEP GREEN. WHENEVER HE ENCOUNTERS DIFFICULTIES, CHEN MEETS WITH THEM TO CONSOLIDATE THEIR SUPPORT, WHICH HE BELIEVES IS CRITICAL TO HIS STAYING IN POWER. CHEN HAS BEEN QUITE WILLING TO MAKE DEALS WITH BOTH GROUPS TO GUARANTEE CONTINUED SUPPORT. THEY HAVE ACCEPTED HIS ASSURANCES THAT HE IS NOT CORRUPT, WITH DPP CHAIRMAN YU SHYI-KUN STRESSING THAT THE PARTY WILL CONTINUE TO SUPPORT THE PRESIDENT UNLESS THERE IS EVIDENCE HE IS CORRUPT. CHEN'S DEAL WITH OTHER DPP LEADERS IS THAT HE WILL ALLOW THEM TO EXERCISE THEIR POWERS WITHOUT INTERFERENCE. HIS BARGAIN WITH THE DEEP GREEN IS THAT HE WILL TRY TO PROMOTE THEIR INDEPENDENCE-RELATED AGENDA IN RETURN FOR THEIR SUPPORT. FOR THEIR OWN INTERESTS, BOTH GROUPS WANT CHEN TO REMAIN IN OFFICE, DESPITE THE VERY DAMAGING SLIPPAGE IN SUPPORT FOR THE DPP THAT HAS RESULTED FROM HIS TOLERATION OF CORRUPT PRACTICES BY THOSE CLOSE TO HIM.

¶18. (C) PRESIDENT CHEN HAS LOST POLITICAL INFLUENCE AND BEEN SIDELINED, DPP LEGISLATOR LEE WEN-CHUNG TOLD AIT, AND THERE WOULD BE STRONG RESISTANCE WITHIN THE PARTY IF HE TRIED TO STAGE A COMEBACK. PREMIER SU HAS THE UPPER HAND AMONG PARTY LEADERS AND HAS RESISTED SUGGESTIONS TO TURN THE DPP CENTRAL STANDING COMMITTEE INTO A COLLECTIVE LEADERSHIP MECHANISM. LEE WEN-CHUNG AND SOME OTHER DPP CONTACTS HAVE PREDICTED TO AIT THAT THE PARTY WILL DO VERY POORLY IN UPCOMING ELECTIONS OVER THE NEXT TWO YEARS FOR TAIPEI AND KAOHSIUNG MAYOR (2006), THE LEGISLATIVE YUAN (2007), AND PRESIDENT (2008). WHILE CHEN'S TRAVAILS HAVE CAUSED SUPPORT FOR THE PARTY TO

PLUMMET, LEE SAID, HE DID NOT BELIEVE CHEN'S EARLY DEPARTURE WOULD BOOST SUPPORT FOR THE PARTY. HOWEVER, HE SUGGESTED, THE DPP IS RESILIENT AND WILL MAKE A COMEBACK AFTER A SERIES OF DEFEATS.

VICE PRESIDENT LU

¶19. (C) MOST DPP LEADERS VIEW THE CURRENT POWER EQUATION IN THE PARTY AS IN THEIR INTERESTS: A WEAKENED CHEN, A STRENGTHENED SU AND PERHAPS A HIGHER PROFILE FOR THE DPP HEADQUARTERS AND DPP CAUCUS. THE ONE DPP LEADER WHO WOULD BENEFIT DIRECTLY IF CHEN STEPS DOWN IS VICE PRESIDENT LU. CLEARLY HAVING THE PRESIDENCY IN MIND, LU HAS BEEN MAKING OVERTURES TO POTENTIAL SUPPORTERS AND HAS TRIED TO PORTRAY HERSELF AS A FIGHTER AGAINST CORRUPTION. OTHER DPP LEADERS, WHO VIEW LU AS A THREAT TO THEMSELVES, SHARE AN INTEREST IN SEEING THAT CHEN REMAINS IN OFFICE. DEEP GREEN LEADER YAO CHIA-WEN AND DPP LEGISLATOR HONG CHI-CHANG, WHO HAVE VERY DIFFERENT PERSPECTIVES ON MANY OTHER ISSUES, WERE IN AGREEMENT ON LU: SHE IS SIMPLY INCAPABLE AND NOT QUALIFIED TO BE PRESIDENT. SHIH MING-TE HAS SUGGESTED PUBLICLY THAT CHEN WOULD HAVE FALLEN LONG AGO IF IT HAD NOT BEEN FOR THE FACT THAT VP LU WOULD SUCCEED HIM.

¶110. (C) CHEN HAS INSISTED THAT DESPITE PROBLEMS INVOLVING THOSE CLOSE TO HIM, HE IS NOT CORRUPT AND THEREFORE HAS NO REASON TO STEP DOWN. DPP ELDER YAO CHIA-WEN, A LONG-TIME CLOSE ASSOCIATE OF PRESIDENT CHEN, TOLD AIT HE DOUBTED CHEN WOULD EVER RESIGN WILLINGLY. DESPITE HIS STRONG WILL TO STAY IN POWER, CHEN HAS REPORTEDLY WAVERED AT VARIOUS POINTS. ACADEMIA SINICA RESEARCH FELLOW WU NAI-TEH, AUTHOR OF THE GREEN SCHOLARS' STATEMENT (SEE PARA 2), TOLD AIT HE HAD HEARD THAT CHEN SAID HE WAS GOING TO THROW IN THE TOWEL WHEN THE STATEMENT WAS ISSUED BUT THEN RECOVERED HIS COMPOSURE AND DECIDED TO FIGHT ON.

COMMENT

¶11. (C) THE CHEN SAGA HAS NOT REACHED ITS END. VARIOUS CORRUPTION SCANDALS ARE CONTINUING TO UNFOLD, AND THESE NOW INCLUDE ALLEGATIONS OF MISUSE OF CONFIDENTIAL AND SPECIAL BUDGET FUNDS, WHICH OVER TIME MIGHT COMPOUND PRESIDENT CHEN'S DIFFICULTIES. IN ADDITION TO THE POSSIBILITY OF A PROTEST MOVEMENT OR STATEMENTS AGAINST CHEN BY GREEN LEADERS, THE LEGISLATIVE YUAN (LY) COULD ALSO RENEW PRESSURE ON CHEN AFTER IT CONVENES ON SEPTEMBER 19. THE OPPOSITION PEOPLE FIRST PARTY PLANS TO INTRODUCE AN IMPEACHMENT MOTION IN THE LY, ITS LEGISLATIVE CAUCUS LEADERS TOLD THE DIRECTOR AUGUST 11.

YOUNG